

TBL Settlement Proposal Summary 2004 Rate Case

1. Covers FY 2004 and FY 2005
2. All adjustable rates increased 3% -- See revenue requirement and revenue forecast information for support.
3. Changes to ACS Rate Schedule: Generation Imbalance; Energy Imbalance; Operating Reserves; Scheduling, System Control, and Dispatch; and Reactive Supply and Voltage Control from Generation Sources rate schedules—See proposed rate schedule language
4. Redispatch methodology—see principles

	Proposed Rate Period		2006
	2004	2005	
1. Revenue Requirement	723.0	736.1	754.3
2. <u>Current '02 Rates</u>			
3. Revenues @ Current Rates	<u>702.7</u>	<u>723.1</u>	<u>734.3</u>
4. Revenue Shortfall	20.3	13.0	20.0
5. <u>3% Rate Increase</u> ^{1/}			
6. Revenues @ 3% Increase	<u>722.1</u>	<u>743.4</u>	<u>754.9</u>
7. Revenue Shortfall	0.9	(7.3)	(0.6)

1/ Rule of Thumb: for every 1% rate increase, revenues increase approximately \$6.5M.